

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 AF-06 SP-02 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02

PA-02 PRS-01 USIA-15 CIAE-00 COME-00 FRB-01 INR-07

NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 AGR-10 PC-05

IO-10 /130 W

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P R 272108Z MAY 75

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC PRIORITY 8918

INFO AMEMBASSY BELIZE

AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY MEXICO CITY

AMEMBASSY PORT AU PRINCE

AMEMBASSY PORT OF SPAIN

AMEMBASSY SANTO DOMINGO

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4. DEMAS' COGENT AND RATIONAL DEALING WITH GENERAL DEVELOPMENT PROBLEMS WILL BE ANALYZED AT FURTHER LENGTH IN SUBSEQUENT COMMUNICATION. BASICALLY, HE DEALT WITH NEED TO INCREASE FOOD PRODUCTION; TO ORGANIZE COHERENT DEVELOPMENT STRATEGIES AT NATIONAL AND REGIONAL LEVELS; NEED FOR GOVERNMENTS TO TAKE SHORT TERM CRISIS ACTION WITHIN LONG-TERM PERSPECTIVE AND NEED TO STRENGTHEN AND NATIONALIZE FISCAL SYSTEMS, NATIONAL PLANNING AND ADMINISTRATIVE STRUCTURES IN LDC'S. DEMAS EMPHASIZED IN PARTICULAR GREATER AREA CAPABILITIES IN FOOD PRODUCTION AND NEED FOR SOME SORT OF COMMON ADMINISTRATIVE SERVICES FOR LDC'S TO REDUCE INORDINATELY HIGH COSTS OF SEPARATE STATEHOOD. DEMAS LISTED TEN FUNDAMENTAL QUESTIONS FOR CARIBBEAN COUNTRIES RE DEVELOPMENT, GENERALLY ADDRESSING ALL OF AREA'S MOST BASIC PROBLEMS FROM POOR FOOD PRO-

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DUCTION TO RELATIVE ROLES OF NATIONAL, REGIONAL AND FOREIGN OWNER-SHIP CONTROL OF ECONOMIC SECTORS.

5. LDC GOVERNORS OFFERED SOME CRITICISM OF VARIOUS ASPECTS OF CDB OPERATIONS INCLUDING ALLEGEDLY BULKY PAPERWORK, REQUIREMENT FOR COUNTERPART LOAN FUNDS, PROCUREMENT PROCEDURES AND BANK POLICIES SUCH AS CDB'S REFUSAL TO CONSIDER LOANS FOR PURCHASE OF LAND. SOME CALLED FOR INCREASED AID FROM PRINCIPAL DONORS AND MDC'S AND ONE (DOMINICA) WARNED DARKLY OF REAL TROUBLE AHEAD UNLESS REGION'S YOUNG PEOPLE WERE GIVEN MORE OPPORTUNITY AND HOPE FOR FUTURE.

6. COLOMBIA PARTICIPATED AS FULL CDB MEMBER FOR FIRST TIME AND ALL PRESENT TOOK OCCASION TO WELCOME GOC INTO BANK AND TO LAVISH PRAISE ON ITS ALTERNATE GOVERNOR, DISTINGUISHED ECONOMIST CARLOS S. DE SANTAMARIA WHO OFFERED COLUMBIA'S ASSISTANCE IN TAX REFORM FIELD.

7. ANOTHER FIRST WAS PARTICIPATION AS OBSERVER BY CUBA WHOSE DELEGATE, VICE PRESIDENT OF BANCO NATIONAL SR. JULIO IMPERATORI, CHOSE OCCASION TO MAKE LOW-KEY ANNOUNCEMENT CONGRATULATING CDB ON ITS SUCCESS AND NEW HEADQUARTERS.

8. BOTH GUYANA AND TRINIDAD/TOBAGO DECLARED THAT THEY MAY BE WILLING TO CONTRIBUTE TO SPECIAL FUND FOR BUDGET/BALANCE OF PAYMENT SUPPORT OF LDC'S WHILE SEVERAL GOVERNORS ALLUDED TO POSSIBLE NIGERIAN LOAN OR CONTRIBUTION AND LOAN FROM JAPAN'S EXPORT-IMPORT BANK.

9. COMMENT: MEETING WAS EXTREMELY WELL RUN AND SHOWED THAT CDB HAS MATURED AND IMPROVED IN SHORT PERIOD OF DEMAS' GUIDANCE. LDC CRITICISM WAS CONSIDERABLY MUTED COMPARED TO PAST YEARS (IN PART BECAUSE DEMAS HAD TAKEN WIND OUT OF LDC SAILS BY FREELY ADMITTING TO CDB SHORTCOMINGS AND REVIEWING REMEDIAL STEPS). EXPERIENCED OBSERVERS CONSIDER THAT DEMAS' ADDRESS WAS MOST THOUGHTFUL AND WELL PRESENTED PIECE TO BE PUT FORWARD IN REGION IN RECENT TIMES AND PRESIDENT'S ADDRESS WILL DOUBTLESSLY PROVOKE MUCH STUDY AND PERHAPS CONTROVERSY. OF PARTICULAR INTEREST TO US WAS DMAS' VIEW THAT AID TO REGION WOULD BE MOST EFFECTIVE IN PROMOTING INTEGRATION IF CHANNELLED THROUGH CDB. TONE OF MEETING WAS MORE BUSINESS-LIKE AND LESS EMOTIONAL THAN IN PAST AND SOME WHO HAVE ATTENDED PAST MEETINGS HAD FEELING THAT CDB HAS NOW PASSED A MILESTONE IN UNCLASSIFIED

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THAT, THANKS TO PROGRESS OF RECENT PROJECTS AND DISBURSEMENTS, MOST LDC'S NOW ACCEPT BANK AS BEING FULLY OPERATIONAL AND WORKING FOR LDC BENEFIT RATHER THAN CONSTANTLY POINTING UP LDC'S OWN WEAKNESSES AND SHORTCOMINGS. UNDOUBTEDLY, EXISTENCE OF GOTT TRUST FUND FOR COUNTERPART LOANS AND POSSIBILITY OF FURTHER SUCH AID

HAS HELPED TO SOFTEN LDC ATTITUDES. BUT NO ONE CAN DENY THAT
DEMAS' ATTENTION TO LDC NEEDS, HIS CULTIVATION OF THEIR LEADERS
AND HIS OWN LEADERSHIP WITHIN BANK HAS GREATLY ENHANCED STATURE
AND EFFECTIVENESS OF BANK.

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